

16.79A Agricultural lease agreement.

1. a. A beginning farmer tax credit is allowed only for agricultural assets that are subject to an agricultural lease agreement entered into by an eligible taxpayer and a qualifying beginning farmer participating in the beginning farmer tax credit program established pursuant to [section 16.78](#).

b. The tax credit is allowed regardless of whether the principle agricultural asset is soil, pasture, or a building or other structure used in farming.

2. The agreement must include the lease of agricultural land located in this state or agricultural improvements located in this state, and may provide for the rental of agricultural equipment as defined in [section 322F.1](#).

3. a. The agreement must include provisions which describe the consideration paid for the agreement in a manner that allows the authority to calculate the value of the lease in order to determine the tax credit amount as provided in [section 16.82](#).

b. The agreement must be in writing.

c. The agreement must be for at least two years, but not more than five years. The agreement may be renewed any number of times by the eligible taxpayer and qualified beginning farmer for a term of at least two years, but not more than five years. However, an eligible taxpayer shall not participate in the program for more than fifteen years.

d. The agreement shall not include a lease or rental of equipment intended as a security.

e. The agreement cannot be assigned and the agricultural land subject to the agreement shall not be subleased.

f. (1) The agricultural assets shall not be leased or rented at a rate that is substantially higher than the market rate for similar agricultural assets leased or rented within the same community.

(2) As used in subparagraph (1), when referring to an agricultural asset that is cropland, “*substantially higher*” means not more than thirty percent above the average cash rent paid for cropland rented in the same county according to the most recent cash rent survey for cropland published by a unit of Iowa state university of science and technology recognized by the authority.

4. a. The agreement may be amended after the authority approves an application and makes a tax credit award without changing the eligibility status of the taxpayer, except as provided in paragraph “b”.

b. The underlying lease for agricultural land may only be amended without submitting a new application if any of the following apply:

(1) The terms of the amended lease are more favorable to the qualified beginning farmer, including but not limited to the rent payment being reduced.

(2) A party has changed their name.

(3) The owner of an agricultural asset is changed to the owner’s estate or trust upon the eligible taxpayer’s death.

c. If an amendment to an agreement changes the total amount that will be paid to the eligible taxpayer under the agreement, the eligible taxpayer shall notify the authority in a manner and form prescribed by the authority within thirty days of the date the amendment is executed by the parties.

(1) If the amendment will reduce the total amount paid to the eligible taxpayer under the agreement, the authority shall recalculate and reduce the eligible taxpayer’s tax credit award under [section 16.82A](#).

(2) If the amendment will increase the total amount paid to the eligible taxpayer under the agreement, the tax credit award shall not be increased unless the eligible taxpayer submits an amended application to the authority in the manner and form prescribed by the authority and that meets the requirements of [section 16.81](#). If the amended application is approved under [section 16.81](#), the authority may increase the amount of the tax credit award. The increased amount of the tax credit award shall be subject to the aggregate award limitation in [section 16.82A](#) for the calendar year in which the increased award is made.

(3) This paragraph “c” does not apply to an amendment to an agreement that requires a new application under paragraph “b” in order to be valid.

5. An eligible taxpayer or qualified beginning farmer may terminate an agreement as provided in the agreement or by law. The eligible taxpayer must notify the authority of the termination within thirty days of the date of termination in the manner and form prescribed by the authority.

[2019 Acts, ch 161, §9, 18, 19](#); [2021 Acts, ch 177, §60 – 62, 67](#)

Referred to in [§16.77, 16.79](#)

Section applies retroactively to January 1, 2019, for tax years beginning on or after that date; 2019 Acts, ch 161, §19

2021 amendments to subsections 1 – 3 effective January 1, 2022; 2021 Acts, ch 177, §67

Subsections 1 and 2 amended

Subsection 3, paragraph c amended